EXHIBIT 2

FINANCE

Robinhood launches its own trade-clearing system as customer growth surges

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KEY POINTS

- Robinhood spent two years quietly building its own clearing system so it wouldn't have to rely on an external firm to clear and settle transactions or take custody of assets.

- The move positions the online brokerage to be able to scale faster and expand into more areas of financial services, its CEO says.

- The Menlo Park-based start-up also announces it has 6 million customers, up from 5 million in August, and 4 million in May.
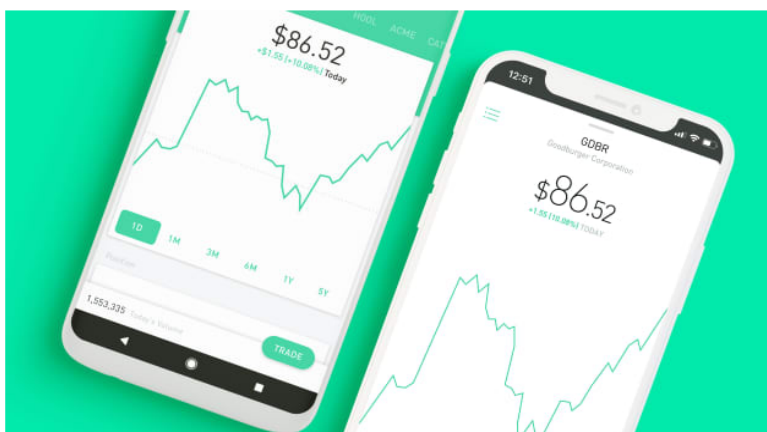
The Robinhood app on IOS and Android
Source: Robinhood

Online brokerage Robinhood just paved the way for expansion by getting rid of a key middleman.

The fintech start-up, famous for its zero-fee trading platform, spent the past two years building an independent clearing system that will allow it to settle and clear transactions and

provide custody for assets, the company announced Wednesday.

"It's the only system that has been built from scratch on modern technology in the past decade," co-CEO and co-founder Vlad Tenev told CNBC in a phone interview. "It's a huge investment in the future of Robinhood."

About seventy Robinhood employees based in Lake Mary, Florida, quietly built the "Clearing By Robinhood" technology from scratch, and worked on getting necessary regulatory approval. To do so, the company formed a new entity called Robinhood Securities in 2016 and received regulatory approvals from the Financial Industry Regulatory Authority, the Depository Trust & Clearing Corp. and the Options Clearing Corp.

Clearing is the trusted transfer of securities and funds between the buyer and seller, an essential function on Wall Street. Some other online brokers are self-clearing, meaning that they have their own clearing firm, while others rely on a third party to clear the transactions. E-Trade, TD Ameritrade, Charles Schwab and Vanguard are among those that already self-clear.

Customers jump

Menlo Park, California-based Robinhood also announced Wednesday it now has 6 million customers, up from 5 million in August, and 4 million in May. It was most recently valued at $5.6 billion and has raised $539 million, according to data from Pitchbook. Early investors include NEA, Thrive Capital, Capital G, Sequoia, Index, DST Global and Kleiner Perkins.

Until now, Robinhood had been clearing customer assets through a third party called Apex Clearing. When the team looked at the landscape for what else was available, the only options were existing technologies that run on mainframe computers and hadn't been updated in decades, Tenev said.

Christine Hall, product lead for Robinhood Clearing, said there was "no guidebook, or industry talk" to explain how to launch an in-house clearing system on modern-day technology.

"This really is a first-of-its-kind thing. We staffed up an amazing

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engineering team to try and understand how to integrate with 1960s technology," Hall said.

Tenev likened the move to Apple deciding to build its own chips, or Amazon investing in fulfillment centers. Even though those aren't directly consumer facing applications, they subtly improve the customer experience. For now, Robinhood Clearing will only be used on its own platform, but the start-up did not rule out the possibility of commercializing it.

The online brokerage doesn't currently charge fees for trading but it does have fees attached to some other operations like international wire transfers or overdrafts. The bank reversal fee is dropping from $30 to $9, and the $50 "voluntary corporate actions" fee will eliminated.

Hall said the company will have better insight into customer accounts. Because it can now track every step of a transaction, it can get to the bottom of a customer's problem faster, she said.

The start-up is best known for its commission-free investing in stocks, ETFs, options and cryptocurrencies. Its user base is overwhelmingly millennial, ages 18 to 35. The zero-free model is putting pressure on some established incumbents to lower fees, which have been collapsing across mutual funds and ETFs as well as trading. J.P. Morgan Chase, for example, launched its own no-fee app for customers in August.

Perhaps most importantly, the announcement Wednesday sets Robinhood up to be able to scale faster and expand into more areas of financial services, the CEO said.

"Five to 10 years from now, you should be able to open up Robinhood and get anything you could get by walking into your local Bank of America, with a better customer experience and better pricing," Tenev said.

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